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GAIN Report

Global Agricultural Information Network

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The Tri-Lamb Group - A Trade Liberalization Success Story

Report Categories:

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Agricultural Situation

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Report Highlights:

Lamb Producer Groups from the US, New Zealand, and Australia have worked together to foster a cooperative spirit and to work on stimulating demand for lamb among consumers in the US.

Executive Summary:

The Tri-Lamb Group, a US, New Zealand, Australian Trade Policy Success Story Ten Years in the Making



Source: Sarah Rowland Countrypics

Summary

The Tri-Lamb Group was established as an alternative to punitive tariffs imposed by the United States on imports of lamb. Instead of stifling competition as a means of reviving the prospects of the U.S. sheep industry, the Tri-lamb group seeks to strengthen U.S. demand for lamb through collaboration between sheep herders from the United States, Australia and New Zealand.

Today, eight years after its creation, members of the Tri-Lamb group work together cooperatively and benefit from the opportunity to engage with each other in an effective producer only forum. The success of the Tri-Lamb Group provides an excellent example of how a trade dispute can be addressed in a win-win-win manner.

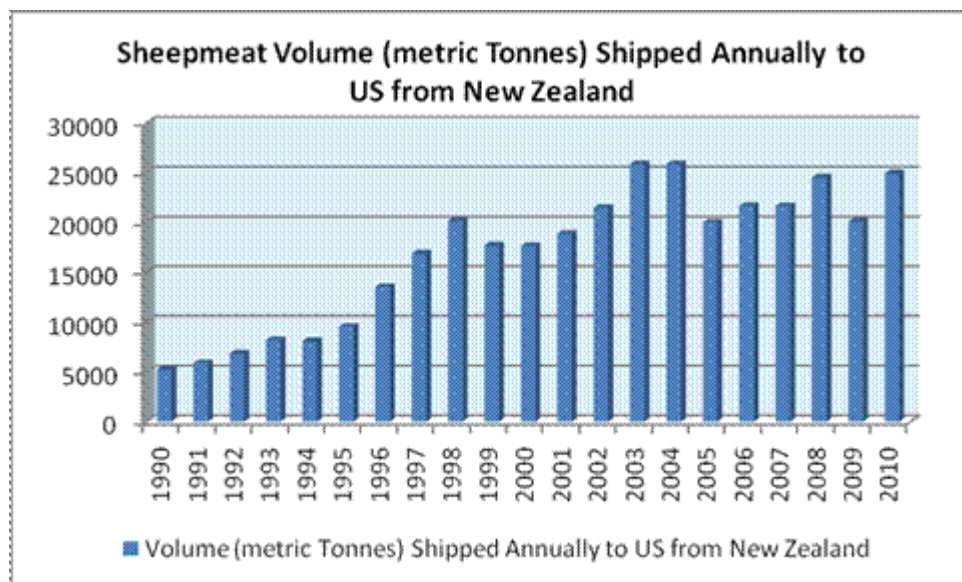
History

Following an inquiry by the US International Trade Commission which led to the determination that the rapid growth in lamb imports evidenced during the 1990's threatened serious injury to the US lamb industry; in 1999, the U.S. Government established a safeguard scheme on imports of lamb meat, in the form of tariff rate import quotas applied for a period of three years on lamb imports from Australia and New Zealand. From July 22, 1999 import quotas were established equivalent to levels shipped in 1998, which for New Zealand was 14,482 tons for New Zealand and for Australia 17,140. In quota imports were subject to a 9% tariff, while out of quota imports were subject to a 40% tariff.

Both the in-quota and out-of-quota tariffs were scheduled to be reduced over a three year period. Over the three years the in-quota tariff would be reduced to 6% in year two, and 3% in year three. The out-of-quota tariff would decrease to 32% in the second year, and down to 24% in the third year. In addition the in-quota volumes for New Zealand were allowed to increase by 390 tons in year two and a further 390 tons in year three.

New Zealand Trade Officials', having failed to avert the imposition of the tariff in 11th hour consultations with the US, immediately filed a request for a dispute settlement with the WTO during July 1999. NZ Officials also expressed concern over the US\$100m assistance package the US Government offered to domestic sheep producers.

In the first year of the tariffs (1999) there seemed to be an immediate effect with shipments from New Zealand being reduced by 12% from the previous year. However by 2000 shipments had stabilized and by 2001 shipments had increased by 7%. The effect of the out-of-quota tariff was nullified to an extent in 2001 as the NZ Dollar depreciated against the USD and exporters concentrated on selling high-priced cuts.



Source: Global Trade Atlas

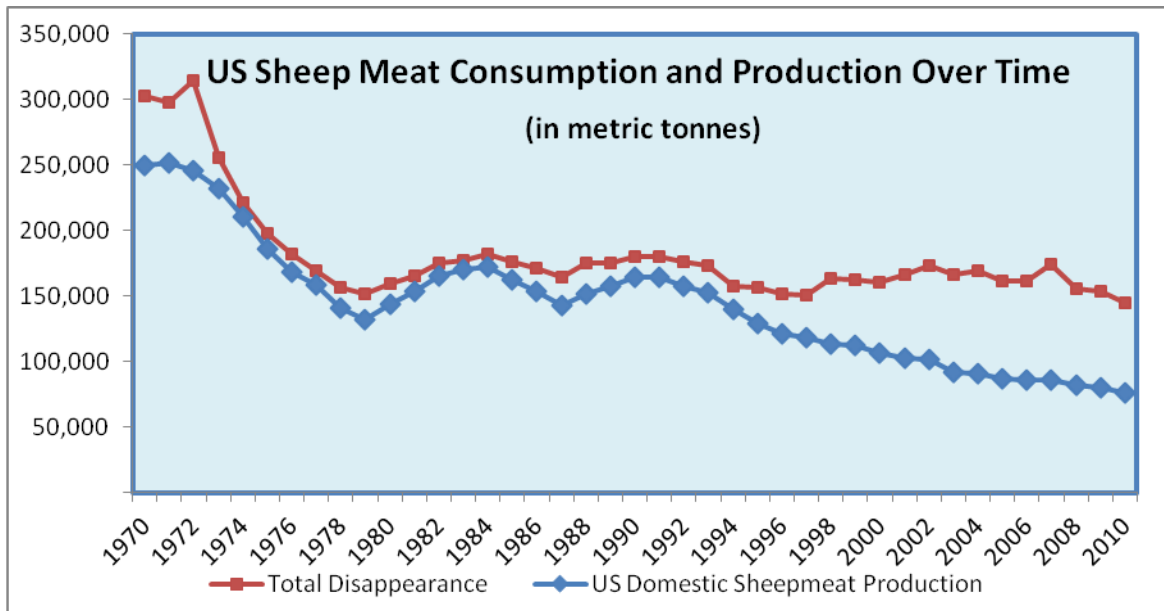
By the end of 2000 the WTO had substantially ruled in favor of New Zealand and Australia. The US chose to take the dispute to appeal, however in May 2001 the WTO Appellate Body confirmed the original decision and ruled the safeguard imposed in July 1999 was inconsistent with the WTO Safeguard Agreement and it should be brought into conformity with that Agreement. On November 15, 2001 the US removed the tariffs on imports of lamb from New Zealand and Australia.

As part of the process to regularize the market place again and in an attempt to look to the future, sheep producers in each of the countries agreed to work together to grow the market for lamb in the US. The formation of the Tri-Lamb Group comprising representatives of the producer groups in Australia, New Zealand, and the US was the upshot of this cooperation initiative. The inaugural meeting was held in 2003.

Tri-Lamb Group Progress

The Tri-Lamb Group (TLG) draws its members from American Sheep Industry Association (ASI), the National Lamb Feeders Association (NLFA), the American Lamb Board, the American Sheep and Goat Center, Meat and Livestock Australia (MLA), Sheepmeats Council of Australia (SCA), and Beef+Lamb New Zealand (B+LNZ). The Group is interested in: promotion, consumer education, livestock identification, trade policy, animal health, functional genomics, and communications. Out of these interest areas the focus of the Tri-Lamb is on promotion and consumer education. Representative members maintain contact and an ongoing dialogue with conference calls, the maintenance of a website, and an annual conference held in each member country in succession.

Since its inception the Tri-Lamb Group has gone from strength to strength. A cooperative spirit is evident in the members. With a very limited budget the Tri-Lamb Group is not going to “transform” the eating habits of all the people in the US. However the tactic has been to use a website “Lean on Lamb” (<http://www.leanonlamb.com/>) as a core part of the promotional and educative program. The use of positive nutritional information and campaigns with key influencer groups appear to have paid dividends relatively quickly with total US Sheep meat consumption trends stabilizing and even perhaps trending back up in the mid 2000’s. The Global Financial Downturn and US housing crisis in 2008, however have taken a bite out of the upward consumption trend. Lamb is a highly priced niche red meat category and once the consumer “trading down” phenomenon got going lamb consumption was certainly affected.



Source: USDA WASDE data

Some new initiatives are under way, and include: the use of a specialist communication company to implement a three year program; and the use of supper clubs hosted by food influencers in Boston, Los Angeles, and Washington DC.

Oamaru, New Zealand Tri-Lamb Group November 2011 Annual Meeting



A view of 5269ha Caberfeidh Sheep farm in the Hakataramea Valley, South Canterbury location for the recent Field day the Tri-Lamb Group attended. Source: Sarah Rowland Countrypics

The annual meeting for the Tri-Lamb Group for 2011 was held in early November in New Zealand, in Oamaru a provincial town on the east coast of the South Island. The formal meeting filled one day and meeting participants also attended a very successful field day located on a large dryland sheep farm which drew several hundred farmers from all over the South Island. In addition there was plenty of informal networking between Tri Lamb Group members and New Zealand farmers. Group members also took tours around the South and North Islands to better appreciate the intricacies of New Zealand sheep production systems.



Most of the crowd at the Caberfeidh sheep farm field day